

BULGARIA

Capital: Sofia

GDP per capita: \$1,490

Population: 8,200,000

Inflation: 5.3%

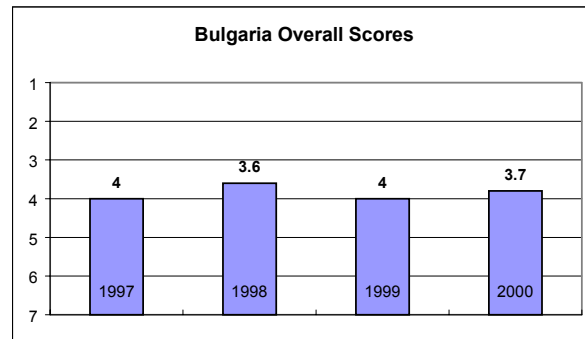
Unemployment: 12.2%

Foreign Direct Investment: \$700,000,000

OVERALL RATING: 3.7

The Bulgarian civil society sector comprises around 8,000 organizations, including political and religious organizations. About half of those are “Chitalishta”, traditional Bulgarian educational and cultural organizations, most of which currently provide a very limited scope of services. There are organizations active in almost all spheres of traditional NGO activities, such as civil society development, social services, environmental protection, human rights, economic development and education. Over the past two years the number of organizations considered “active” has increased from 1,000 in 1998 to about 1,500 in 2000.

Most NGOs experience financial difficulties and are extremely dependent on foreign funding. While 20% of organizations receive some governmental funding and about 40% receive funding from businesses, opportunities to raise funds domestically remain constrained and non-diversified. Most organizations are project-driven, and links to constituents are often missing. There is often a lack of coordination and a limited capacity to form networks. Still, NGOs are quite successful in advocacy on specific issues and are constantly improving their relations with central and local government. Public awareness of NGOs remains steady at 52%. The public is generally not informed about NGO activities, although NGOs enjoy some positive media coverage at local levels. Intermediary support organizations (ISOs) are increasingly providing services to the sector.



LEGAL ENVIRONMENT: 3.5

On September 21, 2000, the National Assembly of the Republic of Bulgaria enacted a new law on Legal Persons with Nonprofit Purposes that will go into effect on January 1, 2001. This new NGO law will govern the establishment, functioning, and legal status of NGOs in Bulgaria. This first step in changing the overall legal environment will open the

way for changes in tax and other related legislation to improve the prospects for NGO sustainability.

The new law is the successful product of several years of effort, headed by several leading Bulgarian lawyers, civil society organizations and parliamentarians, along with the significant input of

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the International Center for Not-for-Profit Law (ICNL).

The new NGO law provides for a minimum level of state control and easy registration of NGOs in the court. Registration can only be denied if the purposes of an organization are illegal. Moreover, the law strictly limits the state's powers over dissolution of organizations.

The law specifies a set of provisions relating to the internal governance of associations and foundations, and introduces one of the most modern international legal principles on NGOs' status, setting out two categories of organizations: public benefit organizations (PBOs) and mutual benefit organizations (MBOs). PBOs must register at the Public Registry within the Ministry of Justice and their purposes should fall into one of the categories of public benefit activities specified in the law. Only PBOs are entitled to benefits from the state.

Under the new law, NGOs are allowed to perform economic activities related to the main purpose of the organization and to use the return from such activities. NGOs may set up subsidiaries, which may engage in economic activities, but their profits will be normally taxed. This provision opens the way to NGO sustainability through fees for the provision of different services.

The new NGO law is considered progressive and will provide a basis for future work on tax amendments and relevant procurement legislation. A working group on tax legislation has been formed, which has drafted a package of suggested amendments. Legal assistance in the area of social contracting is also underway. ICNL is working on an educational initiative that will train and assist the broad community of NGOs leaders, lawyers, judges and journalists in the implementation of the new law.

ORGANIZATIONAL CAPACITY: 4.5

A small core of strong and influential NGOs exists in Sofia and other urban centers, with some viable NGOs emerging in regions throughout the country. Still, most NGOs are comprised of small groups of people, survive on a project-by-project basis, and lack strong links to their constituencies.

The law defines the internal management structure of NGOs, with a clear division between staff and board members, though boards are seldom active. The leading NGOs employ permanent staff. NGOs have some success in attracting volunteers though, based on a survey by MBMD, a Bulgarian polling agency, general public participation remains low at 4%. NGOs declare their missions at registration, but mission

statements are often broad and quickly become irrelevant.

NGOs rarely undertake a detailed planning process, because they are dependent on international donor funding and respond to the goals stated by donors. Most NGOs do not have a regular mechanism with which to analyze constituents' needs. There remains a great need for tailored training programs that meet individual NGOs' organizational capacity needs and encourage constituency building. In addition to training, NGOs need basic office equipment and are generally only able to obtain modern office equipment on a project-by-project basis. 20% of NGOs do not have any computer equipment.

FINANCIAL VIABILITY: 5.2

The financial viability of the NGO sector remains extremely low, with the exception of some strong NGOs, which are mainly located in the capital. Many of the smaller NGOs are entirely dependent on international donor funding. There is a great deal of pessimism about alternative funding sources, and NGOs' budgets are generally non-diversified. There are very few examples of attracting local business support. In some sectors NGOs are successful in

contracting with local government, however as a whole, NGOs meet a lot of resistance. Some organizations collect membership fees and charge for their services, but the income generated by such activities is extremely small due to the overall poverty of the community. In general, NGOs do not engage in constituency building activities, and local sources of philanthropy are basically non-existent.

ADVOCACY: 3.0

NGOs are becoming increasingly aware of the need to engage in advocacy activities. They are gradually gaining seats on important policy-making committees, and the existing legislation provides opportunities for NGOs to have input into law-making activities. Receptivity to NGO input, however, is often dependent upon the good will of particular lawmakers.

While advocacy coalitions come together around short-term issues, there is no leading coalition that advocates on behalf of the entire NGO sector. Still, NGOs are quite successful in forming issue-based coalitions and have been active in promoting legal reform.

NGOs have been successful in advocating many policy changes over the past year, especially with regard to NGO and media legislation and in the areas of environment and business. In one instance, the Bulgarian Media Coalition initiated the first public session of the Bulgarian Constitutional Court, to review the newly adopted Radio and Television Law. This led to the elimination of the most drastic constitutional violation in the new legislation — the breach of privacy allowing authorities to check homes for the existence of undeclared television sets.

SERVICE PROVISION: 3.0

NGOs provide limited services in the social sector, but do offer a wide variety of services in other areas. In general, NGO services reflect the strategies of international donors rather than local community needs and priorities. NGOs provide services in the areas of democracy, economic development, social safety net, and the environment. Indige-

nous services to the NGO sector include publications, workshops, and expert analysis.

As the state withdraws from some sectors, opportunities are emerging for NGOs to provide services previously provided by the state. Some NGOs are able to charge fees for their services, but cost recovery is extremely limited

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due to the overall poverty of client organizations. In general, the government

recognizes the value of NGOs, although support is still very limited.

INFRASTRUCTURE: 3.0

A number of resource and information centers are located throughout the country. Most provide a limited scope of services, but provide at least the essential information needed by NGOs to function successfully — including information on registration, operation, project writing, and management. These centers are generally successful in attracting some income from locally generated sources. Intermediaries Support Organizations (ISOs) are a

special focus of the USAID DemNet Program, and as of summer 2000 are beginning to provide grants and services to the NGO sector. NGO networks are functioning in a number of individual sectors. Diverse training opportunities are available and are based on well-developed systems. Inter-sectoral partnerships are generally issue-based, but there is an increasing awareness on behalf of media and local government of the value of NGOs.

PUBLIC IMAGE: 4.0

As a whole, NGOs are under-represented in the media. They enjoy some positive media coverage at the local level, but Bulgarian national media are mostly focused on political issues. Although some NGOs try to operate transparently and attract public attention, most NGOs do not have a media strategy and their contacts with media are on an ad-hoc basis.

In general, the public is not well informed about NGO activities. NGOs are, however, sometimes recognized by government institutions and are increasingly consulted on a number of issues.

Relations with the media are constantly developing, and special features focusing on the role and activities of NGOs are emerging on Bulgarian radio and television. During the past year, the Bulgarian Media Coalition (BMC), an organization representing the strongest media organizations in Bulgaria, has begun to improve NGO work with media in the country. The BMC has already conducted a number of local-level meetings between NGOs and the media, and is continuing its work on educating NGOs to work effectively with media, in a number of small towns.